



2002  
Annual Report  
to the  
Public Service Commission

**PRIVATE UTILITY  
ANNUAL REPORT**  
Class C or D

**St. Croix Valley Natural Gas Company, Inc.**  
212 N. Main Street, River Falls, WI 54022

For the year ended December 31, 2002

SIGNATURE PAGE

I, Donald J. Piepgras, of St. Croix Valley Natural Gas Company, Inc., certify that I am the person responsible for accounts, that I have examined the following report and to the best of my knowledge, information and belief, it is a correct statement of the business and affairs of said utility for the period covered by the report in respect to each and every matter set forth therein.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

Donald J. Piepgras  
President

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## IDENTIFICATION AND OWNERSHIP

Exact Utility Name: St. Croix Valley Natural Gas Company  
 Utility Address: 212 N. Main Street, River Falls, WI 54022  
 When was the utility organized? May 18, 1962

Report any change in name and the effective date.  
 None.

Officer in charge of correspondence concerning this report

Name: Donald J. Piepgras, President  
 Office address: P.O. Box 6, River Falls, WI 54022  
 Telephone: (715) 425-6177

Give name and address of individual or firm, if other than utility employee, preparing this report:

Stienessen, Schlegel & Co., LLC  
 2411 N. Hillcrest Pkwy, P.O. Box 810, Eau Claire, WI 54072  
 (715) 832-3425

List companies owned, controlled, or operated and form and extent of such ownership, control or operation.  
 None.

## OFFICERS AND DIRECTORS

<b>Name, Title if Officer</b>	<b>Meetings Attended in 2002</b>
Donald J. Piepgras President* and Treasurer*	2
Martha W. Piepgras Vice President* and Secretary*	2
Vernon Lindquist (term ended May 2002) (now deceased)	0
Judith Snoeyenbos Assistant Treasurer*	0
Dr. Richard P. Piepgras*	2
George A. Hauser (term started May 2002)*	2
*Terms are continuous	

## COMMON STOCKHOLDERS

From the stockholder list nearest the end of the year report the greater of: 1) the ten largest shareholders of voting securities or 2) all shareholders owning 5% or more of voting securities. List names, addresses and shareholdings. If any stock is held by a nominee give known particulars as to the beneficiary. (See s.196.795(1)(c), Wis. Stats., for definition of beneficiary).

Date of stockholder's list nearest end of year:

December 31, 2002

\*Number of stockholders on above date:      Common - 4                      Preferred - 0                      Total - 4

\*Number of stockholders in Wisconsin:      Common - 3                      Preferred - 0                      Total - 3

Percent of outstanding stock owned by Wisconsin stockholders      Common - 99.86%      Preferred - N/A

*\*include shares held by depositories (if known)*

Name and address	No. of shares common stock
Donald J. Piepgras 1619 Golf View Drive River Falls, WI 54022	300,866
Martha W. Piepgras 1619 Golf View Drive River Falls, WI 54022	15,500
Dr. Richard P. Piepgras 9913 Legionville Drive North Brainerd, MN 56401	450
Vernon E. Lindquist Revocable Trust c/o Gerald Lindquist 719 Green Street Hudson, WI 54016	100
TOTAL	316,916

**INCOME AND RETAINED EARNINGS STATEMENT**

<b>Particulars</b>	<b>Acct. No.</b>	<b>Page</b>	<b>This Year</b>	<b>Last Year</b>
<b>UTILITY OPERATING INCOME</b>				
Operating Revenues	400	22	5,563,580	6,368,384
Operating Expenses				
Operation expense	401	24	5,050,127	6,021,382
Maintenance expense	402	24	41,994	41,838
Depreciation expense	403	22	176,541	134,269
Amortization expense	404-406			
Amortization of property losses	407			
Taxes other than income taxes	408.1	22	115,052	79,726
Income taxes	409.1	22	-	-
Invest. tax cr., defer. to future periods	412.1			
Invest. tax cr., restored to oper. income	412.2			
Total operating expenses		22	5,383,714	6,304,167
Operating income		22	179,866	64,217
Income from utility plant leased to others	413	8	-	-
Gains (losses) from disp. of utility property	414	8	65,588	-
<b>Total operating income</b>			<b>245,454</b>	<b>64,217</b>
<b>OTHER INCOME AND DEDUCTIONS</b>				
Other Income:				
Income from merch., jobbing and contr. work	415-416	7	29,839	19,162
Income from non-utility operations	417	8	-	-
Nonoperating rental income	418	8	-	(143)
Interest and dividend income	419	8	2,372	(6,508)
Allowance for funds used during construct.	420			
Misc. nonoperating income	421	8	37,413	56,540
Gains (losses) from disposition of property	422	8	-	(18,394)
Total other income			69,624	50,657
Other income deductions:				
Miscellaneous amortization	425	8	-	-
Miscellaneous income deductions	426	8	4,825	8,699
Total other income deductions			4,825	8,699
Taxes applicable to Other Income and Deductions				
Taxes other than income taxes	408.2			
Income taxes	409.2		(33,204)	
Investment tax cr., nonutility oper., net	412.4			
Total taxes on other income & ded.			(33,204)	
<b>Net other income and deductions</b>			<b>98,003</b>	<b>41,958</b>
<b>INTEREST CHARGES</b>				
Interest on long-term debt	427		48,511	36,047
Amortization of debt discount and expense	428		494	741
Amortization of premium on debt -- Cr.	429			
Interest on debt to assoc. companies	430			
Other interest expense	431		1,324	22,377
<b>Total interest charges</b>			<b>50,329</b>	<b>59,165</b>
<b>Income before extraordinary items</b>			<b>293,128</b>	<b>47,010</b>
<b>EXTRAORDINARY ITEMS</b>				
Extraordinary income	433			
Extraordinary deductions	434			
Income taxes, extraordinary items	409.3			
<b>Total extraordinary items</b>			<b>-</b>	<b>-</b>
<b>Net Income</b>			<b>293,128</b>	<b>47,010</b>

**INCOME AND RETAINED EARNINGS STATEMENT (Cont.)**

<b>Account</b>	<b>Acct. No.</b>	<b>Page</b>	<b>This Year</b>	<b>Last Year</b>
<b>RETAINED EARNINGS</b>				
Unappropriated retained earnings (at beginning of period)			636,369	692,322
Change:				
Balance transferred from income	435	6	293,128	47,010
Appropriations of retained earnings	436			
Dividends declared -- preferred stock	437			
Dividends declared -- common stock	438		(61,482)	(102,963)
Adjustments to retained earnings	439			
Net charge to retained earnings			231,646	(55,953)
Unappropriated retained earnings (at end of period)			868,015	636,369

**INCOME FROM MERCH., JOBBING & CONTRACT WORK (Accts. 415-416)**

<b>Particulars</b>	<b>Water</b>	<b>Other</b>	<b>Total</b>
Revenues from merch., jobbing and contract work:			
Gross Sales		54,240	54,240
Deductions:			
Discounts and allowances			
Merchandise returns			
Total deductions			
Net Sales		54,240	54,240
Cost of Merchandise sold		24,401	24,401
Gross profit from sales		29,839	29,839
Expenses (list hereunder expenses by major classes):			
Total expenses		-	-
Net Income (or loss) before taxes		29,839	29,839

**OTHER INCOME**

Report hereunder income and expenses relating to accounts 413, 414, 417, 418, 419, 421, and 422 before taxes and total for each account	
Description of Income or Expense	Amount
Income from utility plant leased to others (413): -NONE-	
Total (413)	
Income from disposition of utility property (414): Gain on Sale of Utility Property	65,588
Total (414)	65,588
Income from nonutility operations (417): -NONE-	
Total (417)	
Nonoperating rental income (418): Rental Income - Nonutility Rental Expense - Nonutility	
Total (418)	-
Interest and dividend income (419): Interest income	2,372
Total (419)	2,372
Miscellaneous nonoperating income (421): Rental income - other Officer's Life Insurance	37,413
Total (421)	37,413
Income from disposition of property (422): Non-utility Property	
Total (422)	-

**MISCELLANEOUS INCOME DEDUCTIONS**

Report hereunder items included in accounts 425 and 426 and total for each account.	
Description of Item	Amount
Miscellaneous amortization (425): -NONE-	
Total (425)	
Miscellaneous income deductions (426): Officer's Life Insurance Donations Non-Operating Miscellaneous Expense	2,250 2,575
Total (426)	4,825



**BALANCE SHEET**

<b>Assets and Other Debits</b>	<b>Page No.</b>	<b>Balance end of year</b>	<b>Balance first of year</b>
<b>UTILITY PLANT</b>			
Utility plant (100)	13	4,847,866	4,865,228
Less accumulated provision for deprec. and amortization of utility plant (110)	13	2,639,311	2,732,878
Net utility plant		2,208,555	2,132,350
<b>OTHER PROPERTY AND INVESTMENTS</b>			
Nonutility property (121)	16	-	-
Less accumulated prov. for deprec. and amort. of nonutility property (122)	16	-	-
Net nonutility property		-	-
Other investments (124)	14	-	100
Special funds (125)	14	-	23,750
Total other property and investments		-	23,850
<b>CURRENT AND ACCRUED ASSETS</b>			
Cash and working funds (131)		123,830	39,776
Temporary cash investments (132)			
Notes receivable (141)	14	-	-
Customer accounts receivable (142)	14	798,851	669,414
Other accounts receivable (143)	14	-	-
Accum. provision for uncollectible accts. --cr. (144)	15	(4,000)	(4,000)
Notes receivable from associated companies (145)	14	-	-
Accts. receivable from associated companies (146)	14	-	-
Materials and supplies (154)	15	31,056	50,566
Gas storage (164)	15	-	-
Prepayments (165)	15	79,974	88,232
Total current and accrued assets		1,029,711	843,988
<b>DEFERRED DEBITS</b>			
Unamortized debt discount and expense (181)	16	-	494
Extraordinary property losses (182)	16	-	-
Other deferred debits (183)	16	37,732	99,027
Total deferred debits		37,732	99,521
Total assets and other debits		3,275,998	3,099,709

**NOTES TO BALANCE SHEET**

**BALANCE SHEET, Cont.**

<b>Liabilities and other credits</b>	<b>Page No.</b>	<b>Balance end of year</b>	<b>Balance first of year</b>
<b>PROPRIETARY CAPITAL</b>			
Common capital stock (201)	17	316,916	316,916
Preferred capital stock (204)	17	-	-
Other paid-in capital (207)		120,539	120,539
Installments received on capital stock (212)			
Capital stock expense (214)			
Retained earnings (215 - 216)	17	868,015	636,369
Reacquired capital stock (217)			
Non-corporate proprietorship (218)			
Total proprietary capital		1,305,470	1,073,824
<b>LONG-TERM DEBT</b>			
Bonds (221)	17	-	-
Advances from associated companies (223)	17	-	-
	17	900,993	892,735
Total long-term debt		900,993	892,735
<b>CURRENT AND ACCRUED LIABILITIES</b>			
Notes payable (231)	18	11,368	93,583
Accounts payable (232)		857,272	891,495
Notes payable to associated companies (233)	18	-	-
Accounts payable to associated companies (234)	18	-	-
Customer deposits (235)		14,362	17,778
Taxes accrued (236)	18	-	33,005
Interest accrued (237)	19	-	-
Other current and accrued liabilities (238)		41,467	(10,746)
Total current and accrued liabilities		924,469	1,025,115
<b>DEFERRED CREDITS</b>			
Unamortized premium on debt (251)	16	-	-
Customer advances for construction (252)		144,541	107,481
Other deferred credits (253)		525	554
Accumulated deferred investment tax credits (255)	19		
Total deferred credits		145,066	108,035
<b>OPERATING RESERVES</b>			
Property insurance reserve (261)			
Injuries and damages reserve (262)			
Pensions and benefits reserve (263)			
Miscellaneous operating reserves (265)			
Total operating reserves		-	-
<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>			
Contributions in aid of construction (271)	20	-	-
<b>Total liabilities and other credits</b>		3,275,998	3,099,709

**NOTES TO BALANCE SHEET**

## RETURN ON COMMON EQUITY COMPUTATION

Report data on a corporate basis; not a consolidated basis.		
Description	Thousands of dollars	
	Common Equity	Common Equity Plus ITC
<b>Average Common Equity:</b> (based on monthly averages if available, otherwise use average of beginning and end of year)		
Common Stock Outstanding	317	317
Premium on Capital Stock	121	121
Capital Stock Expense		
Retained Earnings	868	868
Deferred Investment Tax Credit		
Other (Specify)		
Total Average Common Stock Equity (Sum of Lines Above)	1306	1306
<b>Net Income:</b>		
Add:		
Net Income	293	293
Other (Specify):		
Less:		
Preferred Dividends		
Other (Specify):		
Adjusted Net Income	293	293
Percent Return on Equity (to nearest hundredth of a percent)	22.43%	22.43%

**RETURN ON RATE BASE COMPUTATION**

Report data on a corporate basis; not a consolidated basis.				
Thousands of Dollars				
Average Rate Base	Electric	Gas	Other	Total
Add Average:				
Utility Plant in Service		4857		4857
Allocation of Common Plant				
Completed Const. not Classif.				
Nuclear Fuel				
Materials and Supplies		41		41
Other (Specify)				
Less Average:				
Reserve for Depreciation		(2686)		-2686
Amortization Reserves				
Customer Advances For Construction				
Contributions in Aid of Construction				
Other				
Average Net Rate Base		2212		2212
RETURN				
Total Operating Income		170		170
Less: (Specify)				
Adjusted Operating Income		170		170
Adjusted Operating Income as a Percent of Average Net Rate Base (Rounded To Nearest Hundredth of a Percent)		7.69%		7.69%

**REVENUES SUBJECT TO WISCONSIN REMAINDER ASSESSMENT**

Report data necessary to calculate revenue subject to Wisconsin remainder assessment. For purposes of this schedule "out-of-state" and "in-state" refer to the geographic state of Wisconsin	
Description	This Year
Operating revenues - see G-1	5,563,580
Less: out-of-state operating revenues	
Less: in-state interdepartmental sales	
Less: current year write-offs of uncollectible accounts - Wisconsin utility customers only	(24,309)
Plus: current year collection of Wisconsin utility customer accounts previously written off	3,033
Other	
Revenues subject to Wisconsin remainder assessment	5,542,304

**NET UTILITY PLANT**

Report utility plant accounts and related accumulated provisions for depreciation and amortization by utility departments after allocation of common plant accounts and related provisions for depreciation and amortization to utility departments as of December 31.

<b>Particulars</b>	<b>Water</b>	<b>Other</b>	<b>Total</b>
Plant accounts (101-109):			
Utility plant in service (101) - see G-5		4,847,866	4,847,866
Construction work in progress (107)			-
Other - (105)			-
Total utility plant (100)		4,847,866	4,847,866
Accumulated prov. for deprec. & amortization of utility plant (110)			2,639,311
Net utility plant			2,208,555

**ACCUM. PROV. FOR DEPREC. & AMORTIZATION OF UTILITY PLANT**

<b>Particulars</b>	<b>Water</b>	<b>Other</b>	<b>Total</b>
Balance first of year		2,732,878	2,732,878
Credits during year:			
Accruals charged depreciation account		176,541	176,541
Accruals charged other accounts (specify):			-
Salvage			-
Other credits (specify):			-
			-
Total credits		176,541	176,541
Total		2,909,419	2,909,419
Debits during year:			-
Book cost of plant retired		(243,318)	(243,318)
Cost of removal			-
Other debits (Specify):			-
CIAC Amortization		(26,790)	(26,790)
			-
Total debits		(270,108)	(270,108)
Balance end of year		2,639,311	2,639,311

**OTHER INVESTMENTS AND SPECIAL FUNDS (Accts. 124 & 125)**

Report hereunder all investments carried in account 124, Other investments and in account 125, Special Funds.  
Show total by accounts.

Description of Security or Special Fund	Face or par value	Book cost end of year
Other Investments (124):		
Prescott Civic and Development Corporation		
Total		-
Special Funds (125):		
Cash Surrender Value of Life Insurance		
Total		-

**NOTES AND ACCOUNTS RECEIVABLE (Accts. 141-146)**

Report hereunder notes and accounts receivable included in accounts 141, 142, 143, 145, and 146.

Particulars	Accounts Receivable	Notes Receivable
Customer accounts receivable (142):		
Electric		
Water		
Gas	796,021	
Heating		
Merchandising, jobbing and contract work	2,830	
Total customer accounts receivable	798,851	
List below items included in accounts 141, 143, 145 and 146, showing total for each account.		
Notes receivable (141) (list):		
None		
Total	-	
Other accounts receivable (143) (list):		
Total	-	
Notes receivable from assoc. comp. (145) (list):		
Total	-	
Accts. receivable from assoc. comp. (146) (list):		
Total	-	

**ACCUM. PROV. FOR UNCOLLECTIBLE ACCTS. (Acct. 144)**

Particulars	Amount
Balance first of year	4,000
Add:	
Provision for uncollectibles during year	21,276
Collection of accounts previously written off	3,033
Utility accounts	
Others	
Total additions	24,309
Deduct accounts written off during year:	
Utility accounts	(24,309)
Others	
Total accounts written off	(24,309)
Balance end of year	4,000

Particulars	Generation Related	Transmission Related	Distribution Related	Other	Balance end of year
Electric utility					
Fuel					
Other					
Total electric					
Water utility					
Sewer utility					
Gas utility - Propane					
Merchandise					2,811
Other Materials & Supplies					28,245
Total Material & Supplies					31,056

**GAS STORAGE (Acct. 164)**

Particulars	Amount
Balance first of year	
Add:	
Commodity Storage Fees (164.11)	
Commodity Injection Fees (164.12)	
Commodity Withdrawal Fees (164.13)	
Other Storage Fees (164.14)	
Gas Commodity Costs Transferred to Storage - Dr. (164.23 or 164.33)	
Gas Transmission Expenses, Transferred to Storage - Dr. (164.53)	
Total additions	-
Deduct:	
Stored Gas Sold (164.16)	
Stored Gas Withdrawn for System Use (164.62)	
Stored Gas Forfeited (164.63)	
Total deductions	-
Balance end of year	-

**PREPAYMENTS (Acct. 165)**

Particulars	Balance end of year
Prepaid insurance	-
Prepaid rents	-
Prepaid postage	1,024
Prepaid PSC of Wis. remainder assessment	6,860
Other prepayments (specify):	
Pre-paid Billing Supplies	3,203
Pre-paid Gross Receipts Tax	68,887
Total	79,974

**NET NON-UTILITY PROPERTY (Accts. 121-122)**

Report separately each item of property with a book cost of \$5,000 or more included in account 121. Other items may be grouped by classes of property.

<b>Description</b>	<b>Balance first of year</b>	<b>Additions during year</b>	<b>Deductions during year</b>	<b>Balance end of year</b>
Non-utility Property				-
Total nonutility property (121)	-	-	-	-
Less accum. prov. for dep. & amort. (122)	-			-
Net nonutility property	-	-	-	-

**UNAMORT. DEBT DIS. & EXP. & PREMIUM ON DEBT (Accts. 181&251)**

Report net discount and expense or premium separately for each security issue.

<b>Debt Issue to Which Related</b>	<b>Amount written off during year</b>	<b>Balance end of year</b>
Unamortized debt discount and expense (181):		
Unamortized Debt Expense	494	0
Total (181)	494	0
Unamortized premium on debt (251):		
-NONE-		
Total (251)		

**MISCELLANEOUS DEFERRED DEBITS (Accts. 182 & 183)**

Describe major items included in these accounts.

<b>Name of account and description of item</b>	<b>Balance end of year</b>
Extraordinary property losses (182):	
-NONE-	
Total (182)	
Other deferred debits (183):	
Hammond Upgrade	37,732
Deferred Rate Case Expense	
Total (183)	37,732



**CAPITAL STOCK Accts. 201 and 204)**

<b>Particulars</b>	<b>Common Stock (201)</b>	<b>Preferred Stock (204)</b>
Par or stated value per share	1.00	0
Total par value provided in articles of incorporation	500,000	0
Total par value issued	316,916	0
Dividends declared per share for year		0

**RETAINED EARNINGS (Accts. 215-216)**

<b>Particulars</b>	<b>Appropriated -215</b>	<b>Unapprop'd -216</b>
Balance first of year		636,369
Changes during year (explain):		
Net Income - see page 6		293,128
Cash Dividends - see page 7		(61,482)
Balance end of year		868,015

**LONG-TERM DEBT (Accts. 221, 223 and 224)**

Report hereunder information for each separate issue of debt and total for each account. Show principal amount to which each interest rate applies.

<b>Description of obligation</b>	<b>Nom. date of issue</b>	<b>Date of maturity</b>	<b>Interest</b>		<b>Prin. amount per bal. sheet</b>
			<b>Rate</b>	<b>Dates</b>	
Bonds (221):					
Total (221)					
Advances from affiliates (223):					
Total (223)					
Other long-term debt (224):					
US Bank Wisconsin		Sept. 27, 2007	5.85%	Monthly	285,662
US Bank Wisconsin	Sept. 1, 2001	Sept. 1, 2007	6.35%	Monthly	607,300
Land Contract Assessment for Water and Sewer	Jan. 1, 1996	Jan. 1, 2008	6.00%	Yearly	6,778
Chrysler Finance	Feb. 1, 2000	Feb. 1, 2003	8.24%	Monthly	1,253
Total (224)					900,993

**NOTES AND ACCOUNTS PAYABLE (Accts. 231, 233 and 234)**

Report details of Notes Payable (231) and of Notes and Accounts Payable to Associated Companies (233 and 234) as of end of year.  
Give description of notes including interest rates and dates of issue.

Description	Amount
Notes payable (231): Case Credit Corporation	11,368
Total (231)	11,368
Notes payable to associated companies (233):	
Total (233)	
Accounts payable to associated companies (234):	
Total (234)	

**TAXES ACCRUED (Acct. 236)**

Particulars	Water	Electric	Gas	Total
Balance first of year			33,005	33,005
Accruals charged during year:				-
Wisconsin ad valorem tax				-
Local property tax				-
State income tax				-
Federal income tax			(33,005)	(33,005)
W.P.S.C. remainder assessment			-	-
Social Security taxes				-
Other (specify):				-
State and Federal Excise				-
Total credits			(33,005)	(33,005)
Total			-	-
Taxes paid during year:				-
Wisconsin ad valorem tax				-
Local property tax				-
State income tax				-
Federal income tax				-
W.P.S.C. remainder assessment				-
Social Security taxes				-
Other (specify):				-
State and Federal Excise				-
Total debits			-	-
Balance end of year			-	-

**INTEREST ACCRUED (Acct. 237)**

Report below interest accrued on each utility obligation and total by each class of obligation.

<b>Description of Obligations</b>	<b>Interest accrued bal. 1st of year</b>	<b>Interest accrued during year</b>	<b>Interest paid during year</b>	<b>Interest accrued bal. end of year</b>
Bonds (list each issue)				
Total				
Advances from assoc. companies				
Total				
Other long-term debt:				
Firststar Bank Eau Claire N.A.	0	47,744	47,744	0
	0			0
Other	0	414		0
Other		354		
Total	0	48,512	47,744	-
Notes payable:				
Firststar Bank Eau Claire N.A.	0	934	934	0
	0			0
	0			0
Total	0	934	934	0

**ACCUM. DEFERRED INVESTMENT TAX CREDITS (Acct. 255)**

<b>Description</b>	<b>Bal. first of year</b>	<b>Charges during year</b>	<b>Credits during year</b>	<b>Bal. end of year</b>
Electric				
Gas				
Water				
Heating				
Total utility				
Non-utility				
Total				

**CONTRIBUTIONS IN AID OF CONSTRUCTION (Acct. 271)**

Class of utility service	Balance first of year	Credits during year	Charges during year		Balance end of year
			Acct. no. Credited	Amount	
Electric- Transmission Distribution Other					
Total					
Gas water Steam Heating					0
Total					0

Show total compensation paid each elected officer during the year, including bonuses and other allowances.

Furnish particulars as to bonuses or allowances. Show final distribution of payroll including amounts from clearing accounts.

**OFFICER'S COMPENSATION**

Name	Official Title	Total compensation
Donald J. Piegras	President and Treasurer	98,092
Martha W. Piegras	Vice President & Sec'y	61,007
Vernon Lindquist	Asst. Sec'y	
Judith G. Snoeyenbos	Asst. Treasurer	43,390
Total		202,489

**DISTRIBUTION OF TOTAL PAYROLL**

Accounts Charged	Amount
Water operating expenses	
Electric operating expenses	
Gas operating expenses	401,982
Heating operating expenses	
Merchandising & jobbing	12,998
Other nonutility expenses	
Utility plant accounts	45,549
Accum. prov. for deprec. of plant	
Total all other accounts	
Total payroll	460,529

**IMPORTANT CHANGES DURING THE YEAR**

Report changes of any of the following types:

- 1) Acquisitions, mergers, consolidation, or reorganization with other companies.
- 2) Details of new or significant changes in leasehold arrangements.
- 3) Estimated changes in revenues due to rate changes.
- 4) Obligations incurred or assumed, excluding commercial paper.
- 5) Changes in articles of incorporation or amendments to charter.
- 6) Docketed proceedings with the Commission.
- 7) Any additional matters.

None.

**GAS OPERATING REVENUES AND EXPENSES (Class C and D)**

Particulars	Rate schedule designation	Therms sold	Average number customers	Amount
<b>OPERATING REVENUES</b>				
<b>SALES OF GAS</b>				
Residential sales (480)	Rg-1	5,475,395	5,362	3,621,549
Commercial and industrial sales (481)				
	Cg-1	2,473,249	495	1,471,059
	Ig-1	377,919	3	177,237
	Ig-2	475,640	2	192,592
	Pg-1	198,175	1	74,202
Sales for resale (483)				
Interdepartmental sales (484)				
Total sales of gas		9,000,378	5,863	5,536,639
<b>OTHER GAS REVENUES</b>				
Forfeited discounts (487)				23,035
Miscellaneous service revenues (488)		See page 23		3,440
Transportation of gas of others (489)				
Rent from gas property (493)		See page 23		-
Interdepartmental rents (494)		See page 23		-
Other gas revenues (495)		See page 23		466
Total other operating revenues				26,941
Total operating revenues				5,563,580
<b>OPERATING EXPENSES</b>				
Total operating and maintenance expenses		See page 23		5,092,121
Depreciation expenses (403)				176,541
Amortization of limited-term utility plant (404)				
Amortization of other utility plant (405)				
Amortization of utility plant acquisition adjustments (406)				
Amortization of property losses (407.1)				
Taxes other than income taxes (408.1)		See page 22		115,052
Income taxes (409.1)		See page 22		-
Investment tax credits, deferred to future periods (412.1)				
Investment tax credits, restored to operating income (412.2)				
Total operating expenses				5,383,714
<b>Operating income</b>				179,866

**TAXES OTHER THAN INCOME TAXES (Acct. 408.1)**

Where allocation of taxes is made between departments, explain method used.		
Description of Tax	Method used to allocate between departments	Amount
Property tax	N/A	453
Social Security	N/A	30,686
Wis. gross receipts tax	N/A	74,627
Others (specify):	N/A	
Wisconsin Remainder	N/A	9,286
Total		115,052

**INCOME TAXES (Acct. 409.1)**

Where allocation of taxes is made between departments, explain method used.		
Description of Tax	Method used to allocate between	Amount
Federal	N/A	
State	N/A	
Total		0

**OTHER OPERATING REVENUES (Accts. 488, 493, 494 & 495)**

Show separate totals for each account and explain major items of each account, grouping minor items by classes.	
Particulars	Amount
Miscellaneous service revenues (488) Turn on fees	3440
Total	3440
Rent from gas property (493) -NONE-	
Total	
Interdepartmental rents (494) -NONE-	
Total	
Other gas revenue (495)  Sales tax discount	466
Total	466

**INJURIES AND DAMAGES INSURANCE**

What insurance coverage does utility carry for injury and damage claims of customers or the general public?
General Liability - \$1,000,000 - \$3,000,000
Umbrella Liability - \$2,000,000

**OPERATION AND MAINTENANCE EXPENSES (Class C and D)**

Particulars	Operation Exp.	Mainten. Exp.
<b>MANUFACTURED GAS PRODUCTION</b>		
Supervision and labor (710)		
Fuel (724.1)		
Raw materials (729.1)		
Residuals produced --credit (731)		
Rents (736)		
Supplies and expenses (737)	200	
Maintenance of production plant (743)		
Total manufactured gas production	200	-
<b>OTHER GAS SUPPLY EXPENSES</b>		
Natural gas purchases (804) - See page 25 for detail.	4,162,381	
Purchased gas expenses (807)		
Gas used in utility operation --credit (812.1)	(1,898)	
Total other gas supply expenses	4,160,483	-
<b>DISTRIBUTION EXPENSES</b>		
Supervision (870)	43,384	
Mains and service expense (874)	57,000	
Meter and house regulator expenses (878)	8,856	
Customer installation expenses (879)	3,278	
Miscellaneous distribution expenses (880.1)	63,923	
Rents (881)		
Maintenance of lines (892.1)		11,042
Maintenance of meters and house regulators (893)		9,561
Maintenance of other plant (895)		21,391
Total distribution expenses	176,441	41,994
<b>CUSTOMER ACCOUNTS EXPENSES</b>		
Meter reading expense (902)	85,703	
Customer Records and Collection Expense (903)	93,980	
Uncollectible accounts (904)	21,276	
Total customer accounts expenses	200,959	-
<b>CUSTOMER SERVICE EXPENSES</b>		
Customer service & information expenses (906)	32,546	
<b>SALES PROMOTION EXPENSES</b>		
Sales expenses (917)	-	
<b>ADMINISTRATIVE AND GENERAL EXPENSES</b>		
Administrative and general salaries (920)	111,159	
Office supplies and other expenses (921)	40,390	
Administrative expense transferred -- credit (922)	-	
Outside services employed (923)	18,353	
Property insurance (924)	21,479	
Injuries and damages (925)	14,987	
Employee pensions and benefits (926)	100,432	
Franchise requirements (927)	-	
Regulatory commission expenses (928)	57,473	
Duplicate charges --cr. (929)	-	
General advertising expenses (930.1)	351	
Miscellaneous general expenses (930.2)	18,386	
Rents (931)	60,370	
Transportation expenses (933)	20,280	
Maintenance of general plant (935)	15,838	
Total administrative and general expenses	479,498	-
<b>Total operation and maintenance expenses</b>	<b>5,050,127</b>	<b>41,994</b>



**NATURAL GAS PURCHASES - Acct. 804**

<b>Particulars</b>	<b>Amount</b>
<b>GAS PURCHASING EXPENSES (804.10)</b>	
Wages & Salaries (804.11)	2,708
Supplies & Expenses (804.12)	-
Misc. Expenses (804.13)	-
Total (804.10)	2,708
<b>PURCHASED GAS EXPENSES (804.20)</b>	
Add:	
Gas Contract Reservation Fees (804.21)	11,068
Gas Contract Commodity Costs (804.22)	3,195,102
Spot Purchases (804.23)	141,766
Other Purchases (804.24)	26,751
Gas Surcharges (804.25)	11,284
Financial Instruments Expense (804.26)	920
Gas Purchase Miscellaneous Expense (804.27)	24,219
Total additions	3,411,110
Less	
Purchased Gas Sold - Cr. (804.32)	-
Gas Commodity Costs, Transferred to Storage - Cr. (804.33) = (164.23 or 164.33)	-
Gas Used in Operations - Cr. (804.34)	4,545
Gas Used for Transmission Pumping & Compression - Cr. (804.35)	32,884
Total deductions	37,429
Net end of year (804.20)	3,373,681
<b>GAS TRANSMISSION EXPENSES (804.40)</b>	
Add:	
Transmission Contract Reservation Fees (804.41)	730,818
Commodity Transmission Fees (804.42)	24,966
Gas Transmission Surcharges (804.43)	11,242
Gas Transmission Fuel Expense (804.44) = (804.35)	37,429
No Notice Service Fees (804.45)	15,794
Other Transmission Services Purchased (804.46)	-
Agency Fees and Expenses (804.47)	-
Misc. Transmission Expenses (804.48)	-
Penalties, Unauthorized Use and Overrun, Utility (804.49)	-
Penalties, Unauthorized Use and Overrun, End-User (804.51)	-
Total additions	820,249
Less	
Transmission Services Sold - Cr. (804.52)	34,257
Gas Transmission Expense, Transferred to Storage - Cr. (804.53) = (164.53)	-
Gas Transmission Expense, Used in Operations - Cr. (804.54)	-
Total deductions	34,257
Net end of year (804.40)	785,991
<b>STORAGE GAS EXPENSE (804.60)</b>	
Add:	
Storage Reservation Fees (804.61)	-
Gas Costs from Storage (804.62) = (164.62)	-
Storage Penalties (804.63) = (164.63)	-
Total additions	-
Less	
Storage Capacity Released or Sold (804.72)	-
Total deductions	-
Net end of year (804.60)	-
<b>TOTAL - NATURAL GAS PURCHASES - Acct. 804</b>	<b>4,162,381</b>

**GAS UTILITY PLANT IN SERVICE (Acct. 101) (Class C&D)**

Include in column (e) entries reclassifying property from one account to another.

Account (a)	Balance 1st of year (b)	Additions during year (c)	Retirements during year (d)	Adjustments increase or (decrease) (e)	Balance end of year (f)
<b>INTANGIBLE</b>					
Organization (301)	2,180				2,180
Franchises and consents (302)	37,212				37,212
Miscellaneous intangible plant (303)	12,175	4,058			16,233
Total intangible plant	51,567	4,058	-		55,625
<b>PRODUCTION</b>					
Land and land rights (304)	12,400		12,400		-
Structures and improvements (305)	10		10		-
Liquefied petroleum gas equip. (311)	-				-
Total production plant	12,410	-	12,410	-	-
Land and land rights (360)	-				-
Structures and improvements (361)	-				-
Gas holders (362)	-				-
Total storage plant	-	-	-		-
<b>TRANSMISSION</b>					
list accounts:					
Total transmission plant	-	-	-		-
<b>DISTRIBUTION</b>					
Land and land rights (374)	63,989		23,082		40,907
Structures and improvements (375)	274,716	200	107,630		167,286
Mains (376)	2,132,811	89,181	2,960		2,219,032
Compressor station equipment (377)	-				-
Meas. and reg. sta. eq-gen'l. (378)	82,844	22,291			105,135
Meas. and reg. sta. eq.-cty. gate (379)	54,440	719			55,159
Services (380)	852,278	41,544			893,822
Meters (381)	528,393	70,697	9,137		589,953
House regulators (383)	156,316	15,278			171,594
Ind. meas. and reg. sta. eq. (385)	48,701	808			49,509
Property on customers' premises (386)	11,650				11,650
Total distribution plant	4,206,138	240,718	142,809		4,304,047
<b>GENERAL</b>					
Land and land rights (389)	500		500		-
Structures and improvements (390)	4,398				4,398
Office furniture and equipment (391)	321,481	3,377	99,136		225,722
Transportation equipment (392)	112,616		12,919		99,697
Stores equipment (393)	-				-
Tools, shop and garage equipment (394)	39,725				39,725
Laboratory equipment (395)	-				-
Power-operated equipment (396)	98,631	30,049	24,820		103,860
Communication equipment (397)	14,948	722	878		14,792
Miscellaneous equipment (398)	-				-
Other tangible property (399)	-				-
Total general property	592,299	34,148	138,253		488,194
Total gas utility plant	4,862,414	278,924	293,472		4,847,866

**SUMMARY OF GAS ACCOUNT**

Report below the specified information for each operating area constituting a separate gas system				
<b>Particulars (a)</b>	<b>Total all system therms (b)</b>	<b>System therms ©</b>	<b>System therms (d)</b>	<b>System therms (e)</b>
System Name		River Falls	Prescott	Hammond
Gas produced (gross):				
Propane-air	0	0	0	0
other gas				
Total gas produced	0	0	0	0
Gas purchased:				
Natural	8,989,120	6,205,360	1,858,270	925,490
Other gas				
Total gas purchased	8,989,120	6,205,360	1,858,270	925,490
Less: Gas delivered to storage				
Total (lines 14+18+19-20)	8,989,120	6,205,360	1,858,270	925,490
Transport gas received				
Total gas del. to mains (lines 21+22)	8,989,120	6,205,360	1,858,270	925,490
Gas sold (incl. interdepartmental)	9,000,378	6,202,401	1,868,690	929,287
Gas used by utility	3,629	3,629		
Transport gas delivered				
Total (lines 24+25+26)	9,004,007	6,206,030	1,868,690	929,287
Gas unaccounted for (line 23-27)	(14,887)	(670)	(10,420)	(3,797)

**SUMMARY OF SYSTEM LOAD STATISTICS**

Report below the data specified for each operating area constituting a separate gas system.				
<b>Particulars (a)</b>	<b>Total all system therms (b)</b>	<b>System therms ©</b>	<b>System therms (d)</b>	<b>System therms (e)</b>
System Name		River Falls	Prescott	Hammond
Maximum send-out in any one day	62,130	41,000	14,370	6,760
Date of such maximum (mo./day/yr.)	3/3/2002	3/3/2002	3/3/2002	3/3/02 and 3/9/02
Maximum daily capacity				
Total manufactured-gas production capacity				
Liquefied natural gas storage capacity				
Maximum daily purchase capacity	88000	63710	18620	5670
Total maximum daily capacity: production				
liquefied natural gas storage, and purchases	88000	63710	18620	5670
Monthly send-out: January	1257280	840,350	282,990	133,940
February	1060220	709,190	237,470	113,560
March	1246600	826,230	279,990	140,380
April	662870	455,820	137,860	69,190
May	492960	361,520	84,460	46,980
June	276110	217,480	39,750	18,880
July	298300	246,950	33,280	18,070
August	237260	184,680	34,530	18,050
September	310530	234,380	54,740	21,410
October	813480	563,540	169,940	80,000
November	1045710	698,520	233,040	114,150
December	1287800	866,700	270,220	150,880
Total send-out	8,989,120	6,205,360	1,858,270	925,490



**PURCHASED GAS**

Report below the specified information for each point of metering			
<b>Particulars</b> <b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>
Name of vendor		BP Canada	
Point of metering		Hammond	
Type of gas purchased		Natural	
Therms of gas purchased:		925,490	
Total cost of gas purchased		\$ 428,266	
Average cost per therm of gas purchased:		\$ 0.4627	
Maximum therms purchased in any one day		6,760	
Date of such maximum purchase (day/mo./yr.)		3/3/02 and 3/9/02	
Average B.t.u. content per cu. ft. of gas		1.006	
Name of vendor		BP Canada	
		Prescott	
Type of gas purchased		Natural	
Therms of gas purchased:		1,858,270	
Total cost of gas purchased		\$ 859,906	
Average cost per therm of gas purchased:		\$ 0.4627	
Maximum therms purchased in any one day		14,370	
Date of such maximum purchase (day/mo./yr.)		3/3/2002	
Average B.t.u. content per cu. ft. of gas		1.006	
Name of vendor		BP Canada	
Point of metering		River Falls	
Type of gas purchased		Natural	
Therms of gas purchased:		6,205,360	
Total cost of gas purchased		\$ 2,871,501	
Average cost per therm of gas purchased:		\$ 0.4627	
Maximum therms purchased in any one day		41,000	
Date of such maximum purchase (day/mo./yr.)		3/3/2002	
Average B.t.u. content per cu. ft. of gas		1.006	

**TRANSMISSION AND DISTRIBUTION MAINS**

Report the information specified regarding mains for each operating area constituting a separate gas system.

Report the data for each size and type of pipe separately under each system.

System (a)	Size of pipe (b)	Type of pipe (c)	Number of feet			
			First of year (d)	Added during year (e)	Retired during year (f)	End of year (g)
Hammond	3/4"	Plastic	709	283		992
	1 1/4 "	Plastic	9,734			9,734
	2"	Plastic	30,733	376		31,109
	1"	Steel	385			385
		Steel	17,800			17,800
	3"	Steel	2,174			2,174
Prescott	3/4"	Plastic	662	646		1,308
	1 1/4"	Plastic	5,026			5,026
	2"	Plastic	67,374	2,390		69,764
	4"	Plastic	2,884			2,884
	3/4"	Steel	520			520
	1 1/2"	Steel	1,982			1,982
	2"	Steel	35,608			35,608
	3"	Steel	8,314			8,314
	4"	Steel	3,068			3,068
	6"	Steel	3,546			3,546
River Falls	1/2 "	Plastic	100	240		340
	3/4"	Plastic	6,351	1,864		8,215
	1 1/4"	Plastic	36,829	17,327		54,156
	2"	Plastic	272,784	24,772		297,556
	3"	Plastic	-	12,264		12,264
	4"	Plastic	60,000			60,000
	6"	Plastic	7,784			7,784
	3/4"	Steel	147			147
	1"	Steel	1,644			1,644
	1 1/2"	Steel	457			457
	2"	Steel	88,680			88,680
	3"	Steel	12,409			12,409
	4"	Steel	31,717			31,717
	6"	Steel	13,791			13,791
	8"	Steel	9,987			9,987
TOTALS			733,199	60,162	-	793,361

**NAMES OF CITIES, VILLAGES AND TOWNS**

Number of customers in each, supplied directly with gas by this utility, at end of year.

Report in alphabetical order first, cities, and second, incorporated villages. Next, Report towns in alphabetical order under each county, also listed in alphabetical order. Show total for each group and for total company. (CLASS C &amp; D)

Location (a)	Customers end of year (b)		Location (a)	Customers end of year (b)
<b>Cities</b>			<b>Towns</b>	
Hammond (St. Croix Cty.)	639		Town of Clifton	98
Prescott (Pierce Cty.)	1,308		Town of Kinnickinnic	7
River Falls (St. Croix Cty.)	678		Town of River Falls	148
River Falls, (Pierce Cty.)	2,603		Town of Troy	580
Total Customers, cities	5,228		Total customers, towns	833
			Total customers, company	6,061

**GAS SERVICES**

Number of services should include only those owned by utility

Size (a)	Number added during year		Number retired during year		Total services end of year	
	Main to curb (b)	On customers premises (c)	Main to curb (d)	On customers premises (e)	Main to curb (f)	On customers premises (g)
1/2"	282	282	1	1	2,451	2,451
3/4"	1	1	2	2	3,425	3,425
1"					7	7
1 1/2"						
2"			1	1	10	10
4"					53	53
6"					2	2
					1	1
Total	283	283	4	4	5,949	5,949

Have inactive services been retired in accordance with requirements of paragraph C of Account 380 of Uniform System of Accounts?

Have inactive services been disconnected from the gas supply in accordance with section PSC 135.07(9) Wisc. Administrative Code?

**GAS METERS**

Number of meters should include only those carried in Utility Plant Account 381.

Particulars (a)	Number end of year (b)
Diaphragmed meters (capacity at 1/2 inch water column pressure drop):	
2,400 cu. ft. per hour or less	6,132
Over 2,400 cu. ft. per hour	15
Rotary meters	25
Orifice meters	
Total end of year	6,172
In stock	111
Locked meters on customer's premises	5
Regular meters in customer's use	6,056
Prepayment meters in customer's use	
Meters in company use, included in Acct. 381	
Total end of year (as above)	6,172
No. of diaphragmed meters at end of year which compensate for temperature	6,147
Number of house regulators installed at end of year	5,550